

# Cigarette- and Tobacco Products-tax Information for the Utah Tax Review Commission

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## Cigarette and Tobacco Products Tax Rates Western States

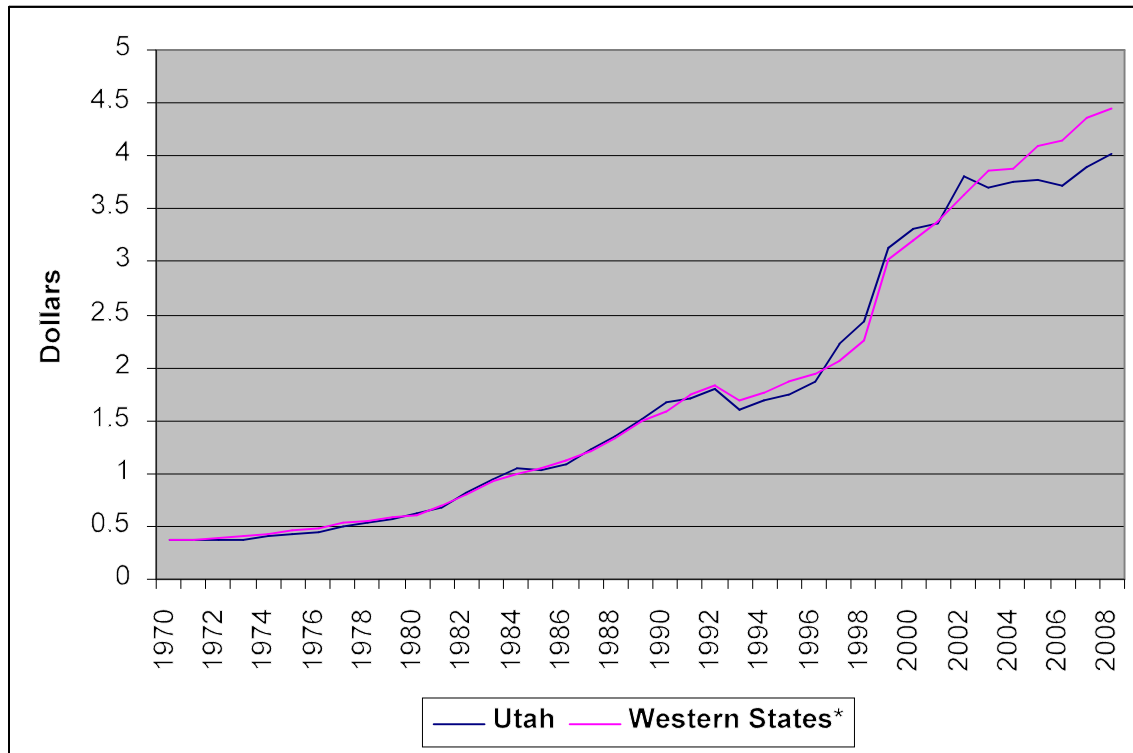
State	Cigarette Tax Rate	Tobacco Products Tax Rate(s)	Source
Arizona	\$2.00	Smoking tobacco, snuff, etc. \$0.223 per oz.; Cavendish plus plug or twist \$0.055 per oz.; Small cigars (<3 lbs. per 1,000) \$0.441 per 20; All other cigars (retailing at not more than \$0.05 each) \$0.218 per 3; All other cigars (retailing at more than \$0.05 each) \$0.218 each	AZ Dept. of Revenue, <a href="http://www.azdor.gov/brochure/541.pdf">www.azdor.gov/brochure/541.pdf</a>
California	\$0.87	45.13% of wholesale price	CA Board of Equalization, <a href="http://www.boe.ca.gov/sptaxprog/spcigarette_tobacco.htm">http://www.boe.ca.gov/sptaxprog/spcigarette_tobacco.htm</a>
Colorado	\$0.84	40% of the manufacturer's list price	CO Dept. of Revenue, <a href="http://www.colorado.gov/cs/Satellite/Revenue/REVX/1177017542076">http://www.colorado.gov/cs/Satellite/Revenue/REVX/1177017542076</a>
Idaho	\$0.57	40% of wholesale price	ID Tax Commission, <a href="http://tax.idaho.gov/answers_cigtob.htm#3">http://tax.idaho.gov/answers_cigtob.htm#3</a>
Montana	\$1.70	50% of wholesale price, Moist Snuff \$0.85 per oz.	MT Dept. of Revenue, <a href="http://mt.gov/revenue/publicationsreports/biennialreports/Corrected_2007-2008_Biennial_Report.pdf">http://mt.gov/revenue/publicationsreports/biennialreports/Corrected_2007-2008_Biennial_Report.pdf</a>
Nevada	\$0.80	30% of wholesale price	NV Dept. of Taxation, <a href="http://tax.state.nv.us/excise.htm#tobacco">http://tax.state.nv.us/excise.htm#tobacco</a>
New Mexico	\$0.91	25% of wholesale price	NM Taxation and Revenue, <a href="http://www.tax.state.nm.us/forms/tobacco/rpd41192.pdf">http://www.tax.state.nm.us/forms/tobacco/rpd41192.pdf</a>
Oregon	\$1.18	65% of wholesale price, with a max of \$0.50 per cigar	OR Dept. of Revenue, <a href="http://egov.oregon.gov/DOR/TOB/IC-105-404.shtml">http://egov.oregon.gov/DOR/TOB/IC-105-404.shtml</a>
Utah	\$0.695	35% of manufacturer's sales price, Moist Snuff \$0.75	UT Tax Commission, <a href="http://tax.utah.gov/forms/current/tc-553.pdf">http://tax.utah.gov/forms/current/tc-553.pdf</a> , <a href="http://tax.utah.gov/tobacco/snuffratechange-2008-07-01.pdf">http://tax.utah.gov/tobacco/snuffratechange-2008-07-01.pdf</a>
Washington	\$2.025	75% of wholesale price, with a max of \$0.50 per cigar	WA Dept. of Revenue, <a href="http://dor.wa.gov/content/FindTaxesAndRates/OtherTaxes/tax_tobacco.aspx">http://dor.wa.gov/content/FindTaxesAndRates/OtherTaxes/tax_tobacco.aspx</a>
Wyoming	\$0.60	20% of manufacturer's list price, Moist Snuff \$0.60 per oz. (or per unit if less than 1 oz.)	WY Legislature, <a href="http://legisweb.state.wy.us/2009/Bills/HB0067.pdf">http://legisweb.state.wy.us/2009/Bills/HB0067.pdf</a>

## Cigarette-tax Rates from 1970 to 2009 Western States

Date	Rates in Dollars										
	AZ	CA	CO	ID	MT	NV	NM	OR	UT	WA	WY
1970	0.100	0.100	0.050	0.070	<u>0.080</u>	0.100	0.120	0.040	0.080	<u>0.110</u>	0.080
1971	0.100	0.100	0.050	<u>0.070</u>	0.120	0.100	0.120	<u>0.040</u>	0.080	0.160	0.080
1972	0.100	0.100	<u>0.050</u>	0.091	0.120	0.100	0.120	0.090	0.080	0.160	0.080
1973	<u>0.100</u>	0.100	0.100	0.091	0.120	0.100	0.120	0.090	0.080	0.160	0.080
1974	0.130	0.100	0.100	0.091	0.120	0.100	0.120	0.090	0.080	0.160	0.080
1975	0.130	0.100	0.100	0.091	0.120	0.100	0.120	0.090	0.080	0.160	0.080
1976	0.130	0.100	<u>0.100</u>	0.091	0.120	0.100	0.120	0.090	0.080	0.160	0.080
1977	0.130	0.100	0.150	0.091	0.120	0.100	0.120	0.090	0.080	0.160	0.080
1978	<u>0.130</u>	<u>0.100</u>	<u>0.100</u>	<u>0.091</u>	<u>0.120</u>	<u>0.100</u>	<u>0.120</u>	<u>0.090</u>	<u>0.080</u>	<u>0.160</u>	<u>0.080</u>
1979	0.130	0.100	0.100	0.091	0.120	0.100	0.120	0.090	0.100	0.160	0.080
1980	0.130	0.100	0.100	0.091	0.120	0.100	0.120	<u>0.090</u>	0.100	<u>0.160</u>	0.080
1981	<u>0.130</u>	<u>0.100</u>	<u>0.100</u>	<u>0.091</u>	<u>0.120</u>	<u>0.100</u>	<u>0.120</u>	<u>0.160</u>	0.100	<u>0.200</u>	<u>0.080</u>
1982	0.130	0.100	<u>0.100</u>	0.091	<u>0.120</u>	<u>0.100</u>	0.120	0.190	0.120	0.230	0.080
1983	<u>0.130</u>	0.100	0.150	0.091	0.160	0.150	0.120	0.190	0.120	0.230	0.080
1984	0.150	0.100	0.150	0.091	0.160	0.150	0.120	<u>0.190</u>	0.120	0.230	0.080
1985	0.150	0.100	0.150	0.091	0.160	0.150	0.120	0.270	0.120	0.230	0.080
1986	<u>0.150</u>	<u>0.100</u>	<u>0.200</u>	<u>0.091</u>	<u>0.160</u>	<u>0.150</u>	<u>0.150</u>	<u>0.270</u>	0.120	<u>0.310</u>	<u>0.080</u>
1987	0.150	0.100	0.200	0.180	0.160	0.200	0.150	0.270	0.230	0.310	0.080
1988	0.150	<u>0.100</u>	0.200	0.180	<u>0.160</u>	<u>0.200</u>	0.150	<u>0.270</u>	0.230	<u>0.310</u>	<u>0.080</u>
1989	0.150	0.350	0.200	0.180	0.180	0.350	0.150	0.280	0.230	0.340	0.120
1990	<u>0.180</u>	<u>0.350</u>	<u>0.200</u>	<u>0.180</u>	<u>0.180</u>	<u>0.350</u>	<u>0.150</u>	<u>0.280</u>	<u>0.230</u>	<u>0.340</u>	<u>0.120</u>
1991	0.180	0.350	0.200	0.180	0.180	0.350	0.150	0.280	0.265	0.340	0.120
1992	0.180	0.350	0.200	0.180	<u>0.193</u>	0.350	<u>0.150</u>	<u>0.280</u>	0.265	<u>0.340</u>	0.120
1993	<u>0.180</u>	<u>0.350</u>	0.200	<u>0.180</u>	0.180	0.350	0.210	<u>0.330</u>	0.265	<u>0.540</u>	0.120
1994	0.580	0.370	0.200	0.280	0.180	0.350	0.210	0.380	0.265	<u>0.565</u>	0.120
1995	0.580	0.370	0.200	0.280	0.180	0.350	0.210	0.380	0.265	0.815	0.120
1996	<u>0.580</u>	<u>0.370</u>	<u>0.200</u>	<u>0.280</u>	<u>0.180</u>	<u>0.350</u>	<u>0.210</u>	<u>0.380</u>	<u>0.265</u>	<u>0.825</u>	<u>0.120</u>
1997	0.580	0.370	0.200	0.280	0.180	0.350	0.210	0.680	0.515	0.825	0.120
1998	0.580	<u>0.370</u>	0.200	0.280	0.180	0.350	0.210	0.680	0.515	0.825	0.120
1999	0.580	0.870	0.200	0.280	0.180	0.350	0.210	0.680	0.515	0.825	0.120
2000	0.580	0.870	0.200	0.280	0.180	0.350	0.210	0.680	0.515	0.825	0.120
2001	<u>0.580</u>	<u>0.870</u>	<u>0.200</u>	<u>0.280</u>	<u>0.180</u>	<u>0.350</u>	<u>0.210</u>	<u>0.680</u>	<u>0.515</u>	<u>0.825</u>	<u>0.120</u>
2002	1.180	0.870	0.200	<u>0.280</u>	<u>0.180</u>	<u>0.350</u>	<u>0.210</u>	1.280	0.695	1.425	<u>0.120</u>
2003	1.180	0.870	0.200	0.570	0.700	0.800	0.910	<u>1.280</u>	0.695	1.425	0.600
2004	1.180	0.870	<u>0.200</u>	0.570	<u>0.700</u>	0.800	0.910	1.180	0.695	<u>1.425</u>	0.600
2005	<u>1.180</u>	0.870	0.840	0.570	1.700	0.800	0.910	1.180	0.695	2.025	0.600
2006	2.000	0.870	0.840	0.570	1.700	0.800	0.910	1.180	0.695	2.025	0.600
2007	2.000	0.870	0.840	0.570	1.700	0.800	0.910	1.180	0.695	2.025	0.600
2008	2.000	0.870	0.840	0.570	1.700	0.800	0.910	1.180	0.695	2.025	0.600
2009	2.000	0.870	0.840	0.570	1.700	0.800	0.910	1.180	0.695	2.025	0.600

Sources: The Tax Burden on Tobacco, volume 42, 2007, Orzechowski and Walker, table 6, pp. 9-10.  
National Conference of State Legislatures, <http://www.ncsl.org/programs/health/cigarette.htm>.

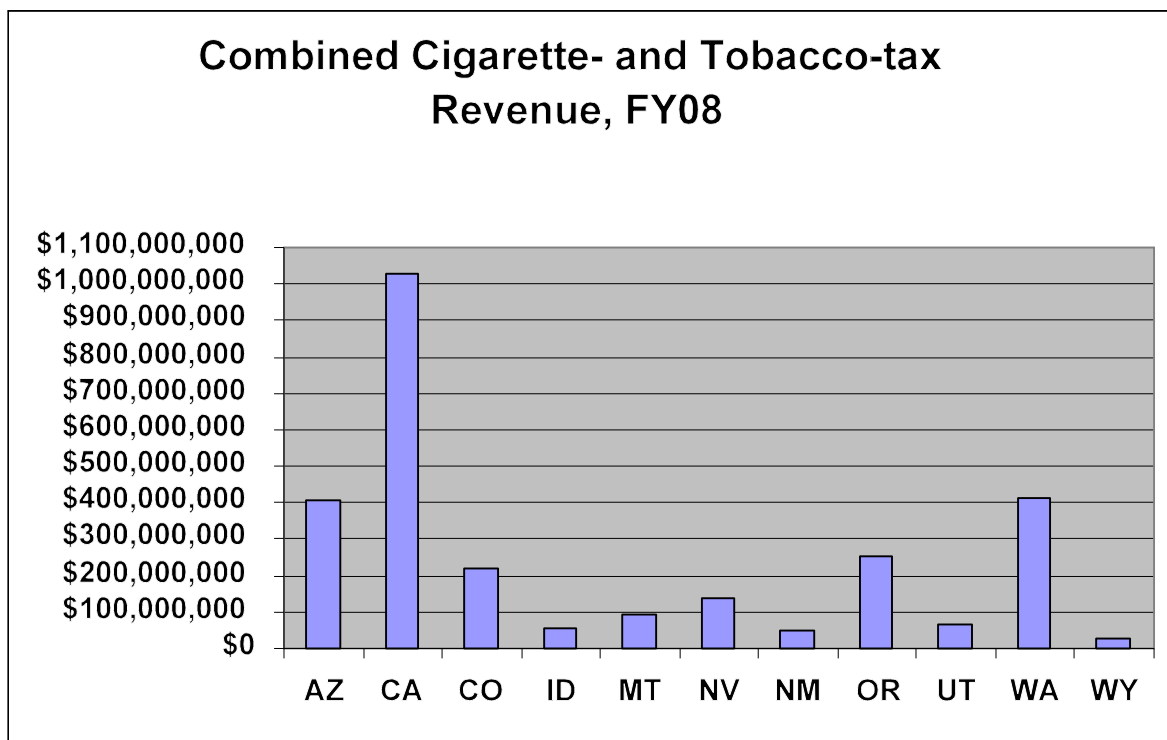
## Average Price of a Pack of Cigarettes 1970-2008



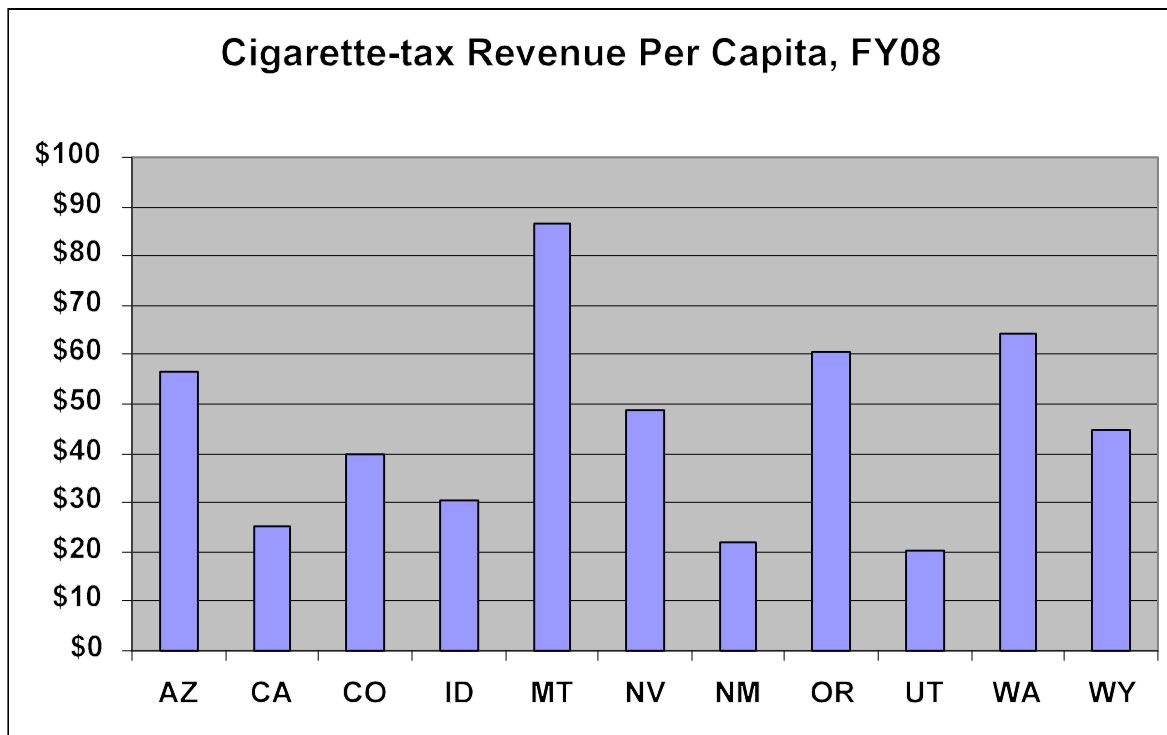
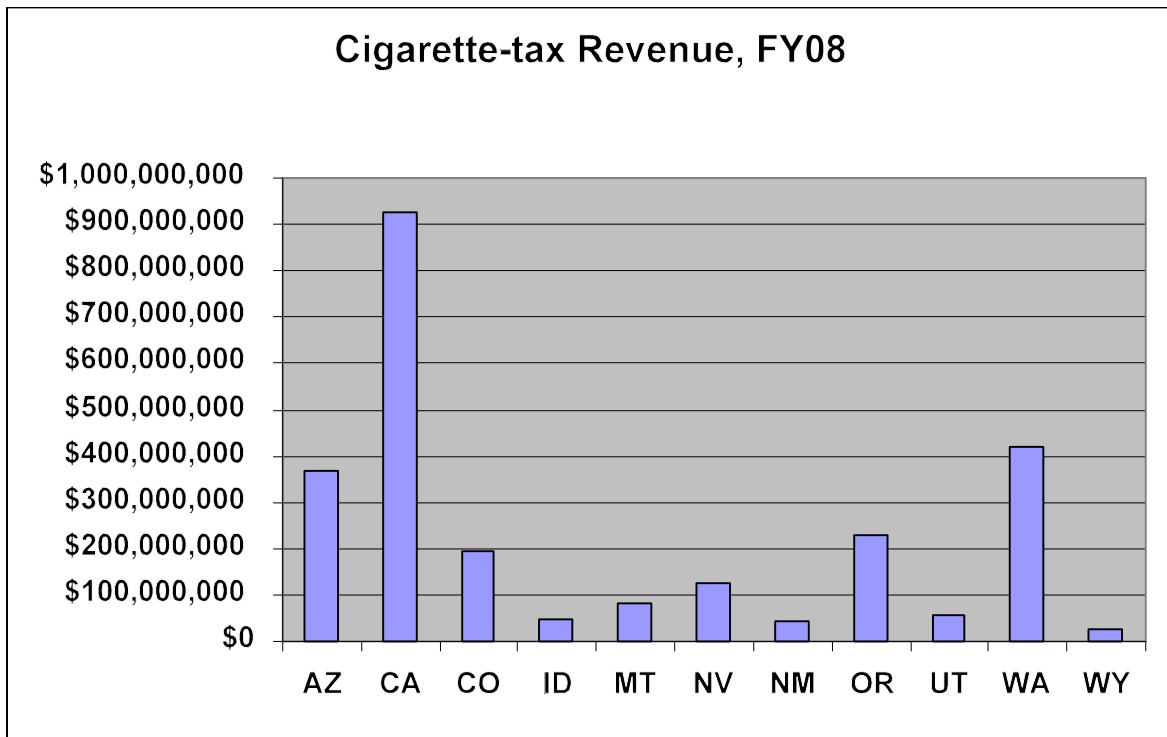
\*AZ, CA, CO, ID, MT, NV, NM, OR, UT, WA, WY

Average Price of a Pack of Cigarettes, 2008 Lowest to Highest for Western States	
State	Price
Idaho	\$3.85
Wyoming	\$3.88
Nevada	\$4.03
<i>Utah</i>	<i>\$4.03</i>
Colorado	\$4.20
New Mexico	\$4.20
California	\$4.29
Oregon	\$4.29
Montana	\$5.01
Arizona	\$5.47
Washington	\$5.69

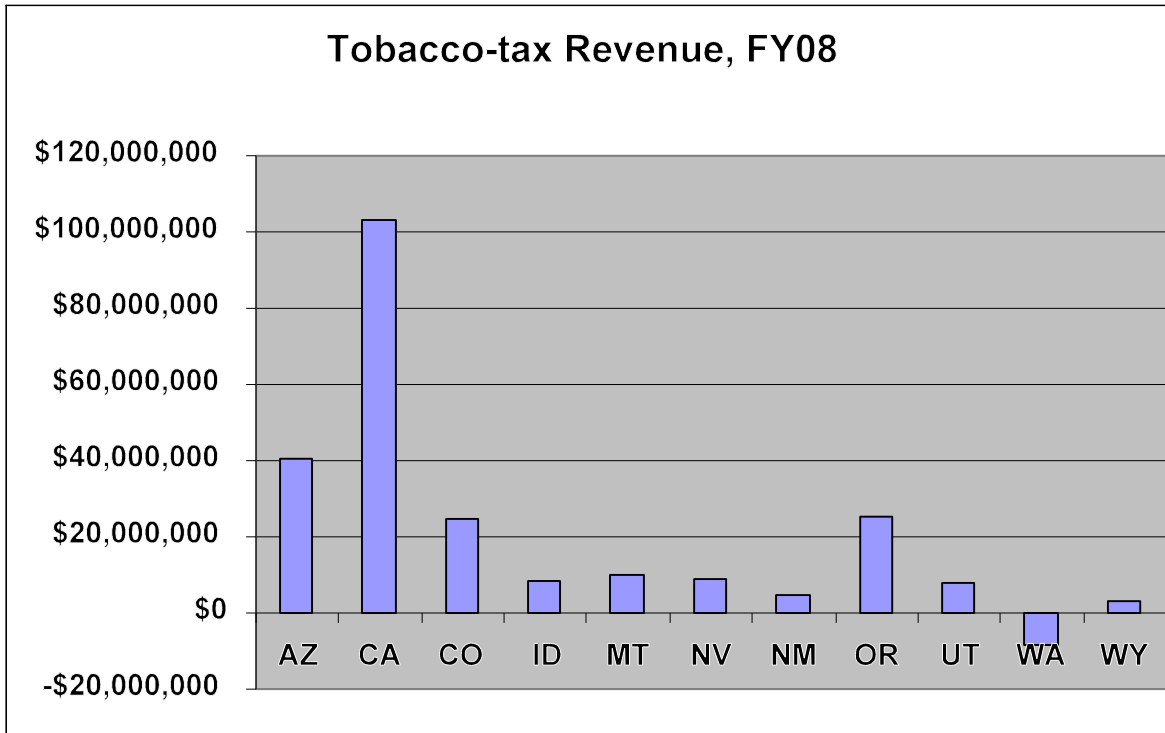
## Cigarette- and Tobacco-tax Revenue Fiscal Year 2008



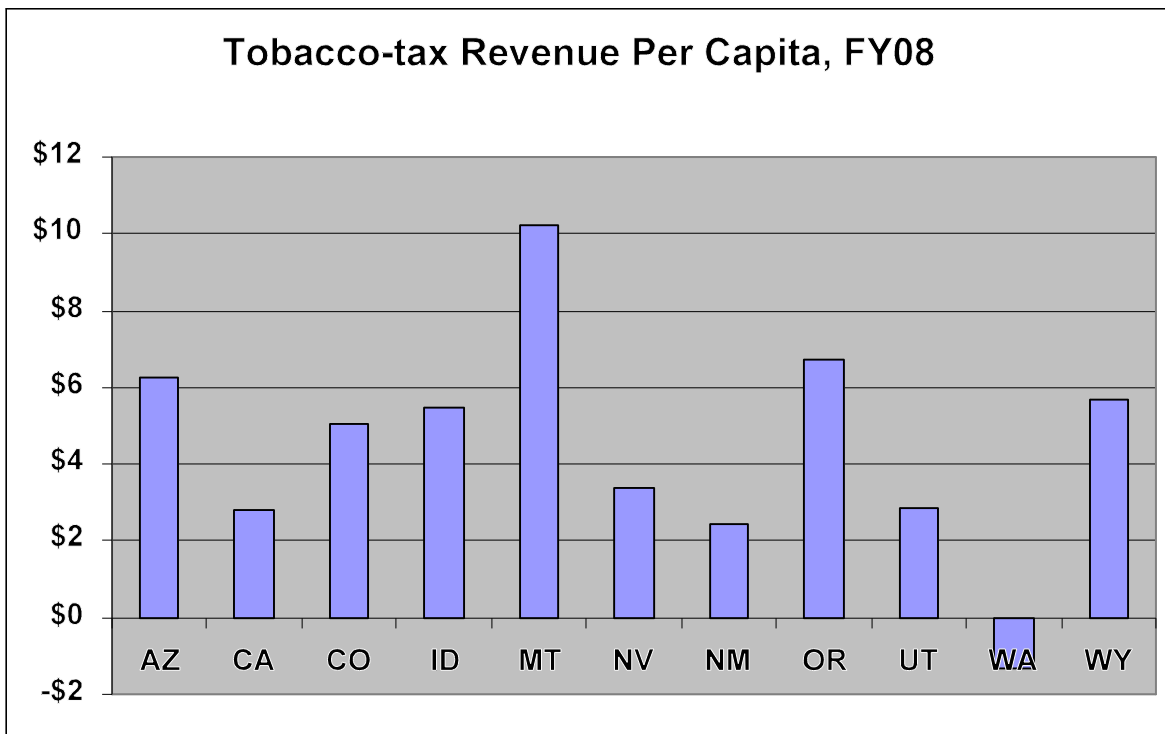
Revenue Per Capita, FY08 Tobacco-tax



*Note: Revenue figures, other than combined figures, for AZ, CA, NM, OR are not published in available financial reports. Therefore, the split revenue figures for those states presented above are based on the average regional split between cigarette-tax and tobacco product-tax revenues.*



*Note: In WA, tobacco products tax receipts for FY08 were more than offset by refunds for 1993-2008.*



Sources: Arizona Department of Revenue, California State Controller's Office, Colorado Department of Revenue, Idaho Tax Commission, Montana Department of Revenue, Nevada Department of Taxation, New Mexico Department of Finance and Administration, Oregon State Controller's Office, Utah Tax Commission,

**ARIZONA** (*Arizona Revised Statutes Title 36, Chapter 6, Article 8, Sections 36-770 to 36-778; Title 42, Chapter 3, Article 2, Sections 42-3051, 42-3052; Title 42, Chapter 3, Article 3, Sections 42-3102 to 42-3106; Title 42, Chapter 3, Article 6, Sections 42-3251 to 42-3253; Title 42, Chapter 3, Article 7, Section 42-3302; Title 42, Chapter 3, Article 9, Sections 42-3371, 42-3372*)

**Cigarette-tax Revenue:**

- (1) 40% is deposited in the *Early Childhood Development and Education Fund*
- (2) 30% is deposited in the *Tobacco Products Tax Fund*, and then distributed as follows:
  - a. 42% is deposited in the *Proposition 204 Protection Account*
  - b. 27% is deposited in the *Medically Needy Account*
  - c. 20% is deposited in the *Emergency Health Services Account*
  - d. 5% is deposited in the *Health Research Fund*
  - e. 4% is deposited in the *Health Care Adjustment Account*
  - f. 2% is deposited in the *Health Education Account*
- (3) 20% is deposited in the *Tobacco Tax and Health Care Fund*, and then distributed as follows:
  - a. 70% is deposited in the *Medically Needy Account*
  - b. 23% is deposited in the *Health Education Account*
  - c. 5% is deposited in the *Health Research Account*
  - d. 2% is deposited in the *Adjustment Account*
- (4) 6.25% is deposited in the *General Fund*
- (5) 1.75% is deposited in the *State School Aid Fund*
- (6) 1% is deposited in the *Corrections Fund*
- (7) 1% is deposited in the *Smoke-free Arizona Fund*

**Tobacco-tax Revenue:**

- (1) From smoking tobacco, snuff, fine cut chewing tobacco, cut and granulated tobacco, shorts and refuse of fine cut chewing tobacco, and refuse, scraps, clippings, cuttings and sweepings of tobacco, excluding tobacco powder or tobacco products used exclusively for agricultural or horticultural purposes and unfit for human consumption:
  - a. 40.4% is deposited in the *Early Childhood Development and Education Fund*
  - b. 30.3% is deposited in the *Tobacco Products Tax Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - c. 20.2% is deposited in the *Tobacco Tax and Health Care Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - d. 4.6% is deposited in the *Corrections Fund*
  - e. 4.6% is deposited in the *General Fund*
- (2) From Cavendish, plug or twist tobacco:
  - a. 40.4% is deposited in the *Early Childhood Development and Education Fund*



- b. 30.3% is deposited in the *Tobacco Products Tax Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - c. 20.2% is deposited in the *Tobacco Tax and Health Care Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - d. 4.6% is deposited in the *Corrections Fund*
  - e. 4.6% is deposited in the *General Fund*
- (6) From each twenty small cigars or fractional part weighing not more than three pounds per thousand:
- a. 40.4% is deposited in the *Early Childhood Development and Education Fund*
  - b. 30.3% is deposited in the *Tobacco Products Tax Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - c. 20.2% is deposited in the *Tobacco Tax and Health Care Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - d. 4.6% is deposited in the *Corrections Fund*
  - e. 4.6% is deposited in the *General Fund*
- (6) From cigars of all descriptions, except those included above, made of tobacco or any tobacco substitute if manufactured to retail at not more than five cents each:
- a. 40.4% is deposited in the *Early Childhood Development and Education Fund*
  - b. 30.3% is deposited in the *Tobacco Products Tax Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - c. 20.2% is deposited in the *Tobacco Tax and Health Care Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - d. 4.6% is deposited in the *Corrections Fund*
  - e. 4.6% is deposited in the *General Fund*
- (6) From cigars of all descriptions, except those included above, made of tobacco or any tobacco substitute if manufactured to retail at more than five cents each:
- a. 40.4% is deposited in the *Early Childhood Development and Education Fund*
  - b. 30.3% is deposited in the *Tobacco Products Tax Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - c. 20.2% is deposited in the *Tobacco Tax and Health Care Fund*, and then distributed as outlined above, under Cigarette-tax Revenue
  - d. 4.6% is deposited in the *Corrections Fund*
  - e. 4.6% is deposited in the *General Fund*

**CALIFORNIA (*California Revenue and Taxation Code Part 13, Chapter 2, Article 2, Section 30124; Part 13, Chapter 9, Sections 30461-30462.1*)**

**Cigarette-tax Revenue:**

- (1) 97.7% is deposited in the *General Fund*
- (2) 2.3% is deposited in the *Breast Cancer Fund*

**Tobacco-tax Revenue:**

- (1) 35% is deposited in the *Hospital Services Account*

- (2) 25% is deposited in the *Unallocated Account*
- (3) 20% is deposited in the *Health Education Account*
- (4) 10% is deposited in the *Physician Services Account*
- (5) 5% is deposited in the *Research Account*
- (6) 5% is deposited in the *Public Resources Account*

**COLORADO** (*Colorado Revised Statute Title 24, Article 22, Section 117 (24-22-117); Title 39, Article 28, Section 110 (39-28-110); Title 39, Article 28.5, Section 108 (39-28.5-108)*)

Cigarette-tax Revenue:

- (1) 35% is deposited in the *Health Care Expansion Fund*
- (2) 20.3% is deposited in the *Old Age Pension Fund*
- (3) 14.5% is deposited in the *Primary Care Fund*
- (4) 12.2% is deposited in the *Tobacco Education Programs Fund*
- (5) 12.2% is deposited in the *Prevention, Early Detection, and Treatment Fund*
- (6) 3.57% is deposited in the *General Fund*
- (7) 1.15% is deposited in the *Supplemental Old Age Pension, Health and Medical Care Fund*
- (8) 0.69% is distributed to *municipal and county governments*
- (9) 0.23% is deposited in the *General Fund for immunizations*
- (10) 0.23% is deposited in the *Pediatric Specialty Hospital Fund*

Tobacco-tax Revenue:

- (1) 85% is deposited in the *Old Age Pension Fund*
- (2) 15% is deposited in the *General Fund*

**IDAHO** (*Idaho Statute Title 63, Chapter 25, Section 63-2520*)

Cigarette- and Tobacco-tax Revenue:

- (1) 17.3% is deposited in the *Permanent Building Fund*
- (2) 1% is deposited in the *Cancer Control Account*—any funds remaining in this account at the start of the new fiscal year are deposited into the *General Fund*
- (3) 0.4% is deposited in the *Central Tumor (Cancer) Registry Fund*
- (4) An amount sufficient to pay current refund claims is deposited in the *State Refund Account*.
- (5) The remaining revenue is deposited in the *Permanent Building Fund* for the repair, remodel, and restoration of the state capitol building until the restoration fund is adequately funded. Thereafter all monies will be deposited in the *Economic Recovery Fund*

**MONTANA** (*Montana Code Annotated Title 16, Chapter 11, Part 1, Section 16-11-119*)

Cigarette-tax Revenue:

- (1) 44% is deposited in the State Special Revenue Fund to the credit of the *Health and Medicaid Initiatives*
- (2) 8.3% or \$2 million (whichever is greater) is deposited in the State Special Revenue Fund to the credit of the *Department of Public Health and Human Services* for the operation and maintenance of state veteran's nursing homes

- (3) 2.6% is deposited in the *Long-range Building Program Account*
- (4) The remaining revenue is deposited in the *General Fund*

Tobacco-tax Revenue:

- (1) 50% is deposited in the *General Fund*
- (2) 50% is deposited in the State Special Revenue Fund to the credit of the *Health and Medicaid Initiatives*

**NEVADA (*Nevada Revised Statute Title 32, Chapter 370, Sections 370.165, 370.260, 370.440-370.500*)**

Cigarette-tax Revenue:

- (1) 87.5% is deposited in the *Account for the Tax on Cigarettes* in the *General Fund*
- (2) An amount, determined by the state legislature, is paid to the state to compensate for collection costs
- (3) The balance is deposited in the *Local Government Tax Distribution Account*

Tobacco-tax Revenue:

- (1) Deposited in the *Account for the Tax on Products Made From Tobacco, Other Than Cigarettes* in the *General Fund*

**NEW MEXICO (*New Mexico Statutes Chapter 7, Article 1, Sections 7-1-6.1 and 7-1-6.11*)**

Cigarette-tax Revenue:

- (2) 55.38% is deposited in the *General Fund*
- (3) 15.79% is distributed to the New Mexico Finance Authority for the *Credit Enhancement Account*
- (4) 14.37% is distributed to the New Mexico Finance Authority for the *University of New Mexico Health Sciences Center*
- (5) 6.05% is distributed to the New Mexico Finance Authority for the *Department of Health* (for land acquisition and planning, designing, construction and equipping Department of Health facilities or improvements to such facilities)
- (6) 2.69% is deposited in the *County and Municipality Tax Fund*
- (7) 2.02% is distributed to the *New Mexico Finance Authority*
- (8) 1.35% is deposited in the *County and Municipality Recreation Fund*
- (9) 1.35% is distributed to the *Cancer Research and Treatment Center* in the Health Sciences Center at the University of New Mexico
- (10) 1% is distributed to the New Mexico Finance Authority for the *Rural County Cancer Treatment Fund*

Tobacco-tax Revenue:

- (1) 100% is deposited in the *General Fund*

**OREGON (*Oregon Revised Statute Volume 8, Chapters 323.455 & 323.625*)**

## Cigarette-tax Revenue:

- (2) 25.5% is distributed to the *Oregon Health Plan*
- (3) 15.7% is deposited in the *General Fund*
- (4) 2.8% is deposited in the *Tobacco Use Reduction Account*
- (5) 1.7% is distributed to *cities*
- (6) 1.7% is distributed to *counties*
- (7) 1.7% is distributed to the *Department of Transportation* for services for the elderly and disabled
- (8) An additional amount<sup>1</sup> is distributed to the *Oregon Health Plan*
- (9) An additional amount is deposited in the *Tobacco Use Reduction Account*
- (10) An additional amount is distributed to *cities*
- (11) An additional amount is distributed to *counties*
- (12) An additional amount is distributed to the Department of Transportation for deposit in the *Elderly and Disabled Special Transportation Fund*

## Tobacco-tax Revenue:

- (1) Deposited in the *General Fund*:
  - a. 53.84% is unrestricted
  - b. 41.54% is distributed to the *Oregon Health Plan*
  - c. 4.62% is deposited in the *Tobacco Use Reduction Account*

**WASHINGTON (*Revised Code of Washington Title 82, Chapter 82.24, Sections 82.24.020-82.24.28; Title 82, Chapter 82.26, Section 82.26.026*)**

## Cigarette-tax Revenue:

- (1) 56.3% is deposited in the *Health Services Account*
- (2) 21.2% is deposited in the *Education Legacy Trust Account*
- (3) 12.2%<sup>2</sup> is deposited in the *General Fund*
- (4) 5.9% is deposited in the *Violence Reduction and Drug Enforcement Account*
- (5) 4.5% is deposited in the *Water Quality Account*<sup>3</sup>

## Tobacco-tax Revenue:

- (1) 50% is deposited in the *Health Services Fund*
- (2) 37% is deposited in the *General Fund*
- (3) 13% is deposited in the *Water Quality Account*

**WYOMING (*Department of Revenue, Excise Tax Division—Fact sheet, FY08<sup>4</sup>*)**

## Cigarette-tax Revenue:

- (1) 85.1% is deposited in the *General Fund*
- (2) 14.9% is redistributed on a point-of-sale basis to towns, cities, and counties

<sup>1</sup> The *Oregon Revised Statute* is unclear with regard to the specific distribution amounts for this portion of the cigarette-tax revenue.

<sup>2</sup> Of this amount, 11.4% (\$0.23 per pack as per RCW 82.24.020 (1)) is assumed to be deposited in the *General Fund*—specific distribution language was not found in the RCW.

<sup>3</sup> Beginning July 1, 2021 money previously deposited in the *Water Quality Account* will be deposited in the *General Fund*.

<sup>4</sup> Wyoming Department of Revenue, <http://revenue.state.wy.us/portalvbvs/uploads/ExciseFactSheet.pdf>

## Tobacco-tax Revenue:

- (1) 100% is deposited in the *General Fund*

## Federal Cigarette-tax Rate 1951 to 2009

<b>Years</b>	<b>Tax Rate Per Pack of 20 Cigarettes</b>
1951-1982	\$0.08
1983-1990	\$0.16
1991-1992	\$0.20
1993-1999	\$0.24
2000-2001	\$0.34
2002-2008	\$0.39
2009-	\$1.01

Source: U.S. Alcohol and Tobacco Tax and Trade Bureau, [http://www.ttb.gov/main\\_pages/schip-summary.shtml](http://www.ttb.gov/main_pages/schip-summary.shtml);  
[http://www.ttb.gov/tobacco/94a01\\_4.shtml](http://www.ttb.gov/tobacco/94a01_4.shtml)

## Cigarette Consumption in Arizona Since the 2006 Cigarette-tax-rate Increase

To understand cigarette consumption in Arizona after the 2006 cigarette-tax-rate increase, consider the following:

In 2006 the Arizona State Legislature increased the per-pack cigarette tax *70 percent* from \$1.18 to \$2.00.

The Arizona population for the years 2006-2008 was:

2006	2007	2008
6,178,251	6,353,421	6,500,180
<b>% Increase from 2006</b>	2.8%	5.2%

*Source: U.S. Census Bureau*

The cigarette- and tobacco-tax revenues for the fiscal years 2006-2008 were:

FY06	FY07	FY08
\$298,006,202	\$348,207,636	\$381,502,703
<b>% Increase from FY06</b>	16.85%	28.02%

*Figures have been adjusted for inflation using 2006 as the base year.*

The rates of adult smokers in Arizona for the years 2000-2008 were:

Year	Rate	Confidence Interval
2000	18.6	15.5 – 21.7
2001	21.5	19.5 – 23.5
2002	23.4	20.8 – 26.0
2003	20.8	18.5 – 23.1
2004	18.5	16.3 – 20.7
2005	20.2	17.8 – 22.6
2006	18.2	15.9 – 20.5
2007	19.8	17.3 – 22.3
2008	15.9	13.7 – 18.0

*Source: Centers for Disease Control and Prevention*

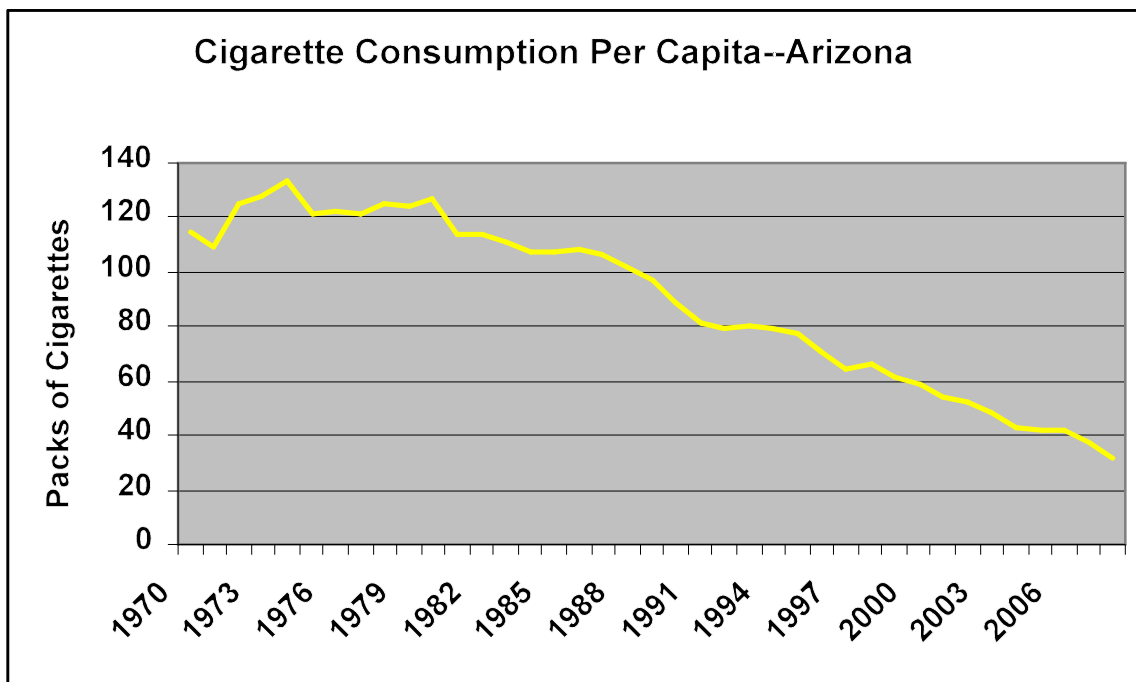
The per capita consumption of cigarettes has been steadily declining since the early 1980's. Since 2000, the percent change in per capita consumption has taken two dramatic dives. In 2002 the cigarette-tax rate increased from \$0.58 to \$1.18 per pack; a 103 percent increase. Correspondingly, the per capita consumption rate dropped from 52 packs in 2002 to 42.5 packs in 2004; an 18.3 percent decrease. In 2006

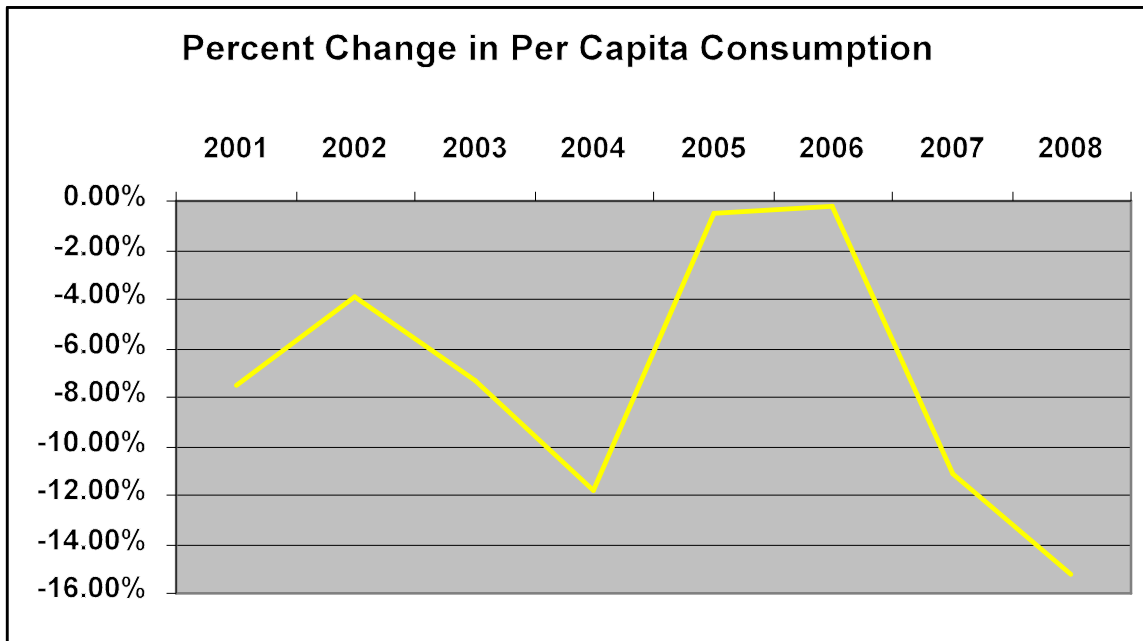
the cigarette-tax rate was increased from \$1.18 to \$2.00 per pack; a 70 percent increase. Correspondingly, the per capita consumption rate dropped from 42.2 packs in 2006 to 31.8 packs in 2008; a 25 percent decrease.

Lest these decreases be attributed to the increasing population it should be noted that from 2002 to 2004 the population increased by 5.5 percent, and from 2006 to 2008 the population increased by 5.2 percent.

It should also be noted that, according to Tobacco Free Kids ([www.tobaccofreekids.org](http://www.tobaccofreekids.org)), approximately 6,800 adults die from smoking each year in Arizona. Those deaths represent a potential decrease in total cigarette consumption of 353,600 packs of cigarettes annually (assuming that each person smoked one pack per week). This potential decrease represents a decrease in the per capita (using the 2008 population) consumption rate of approximately 0.05 packs, or one cigarette.

These numbers suggest that the cigarette-tax-rate increases have led to decreased consumption, and may also have led to a decreased rate of adult smokers.





Source: Orzechowski and Walker presented by the Centers for Disease Control and Prevention,  
<http://apps.nccd.cdc.gov/statesystem/>

## Utah Statutory Distribution of Tobacco Settlement Revenue

*Restricted Account* and the *Permanent State Trust Fund*. As of July 1, 2007 the revenue has been split on a 60/40 basis between the two accounts, respectively.

### **Tobacco Settlement Restricted Account 59-9-201**

(3) The account shall consist of:

(e) on and after July 1, 2007, 60% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998; and

(f) interest earned on the account.

(4) To the extent that funds will be available for appropriation in a given fiscal year, those funds shall be appropriated from the account in the following order:

(a) \$10,452,900 to the Department of Health for the Children's Health Insurance Program created in Section 26-40-103 and for restoration of dental benefits in the Children's Health Insurance Program;

(b) \$3,847,100 to the Department of Health for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs that promote unified messages and make use of media outlets, including radio, newspaper, billboards, and television, and with a preference in funding given to tobacco-related programs;



(c) \$193,700 to the Administrative Office of the Courts and \$1,471,700 to the Department of Human Services for the statewide expansion of the drug court program;

(d) \$77,400 to the Board of Pardons, \$81,700 to the Department of Corrections, and \$175,500 to the Department of Human Services for a drug board pilot program;

(e) \$4,000,000 to the State Board of Regents for the University of Utah Health Sciences Center to benefit the health and well-being of Utah citizens through in-state research, treatment, and educational activities; and

(f) any remaining funds as directed by the Legislature through appropriation.

### **Permanent State Trust Fund**

**59-9-202**

(5) On and after July 1, 2007, 40% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

(6) Funds in the permanent state trust fund shall be deposited or invested pursuant to Section 51-7-12.1.

(7) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and dividends earned annually from the permanent state trust fund shall be deposited in the General Fund. There shall be transferred on an ongoing basis from the General Fund to the permanent state trust fund created under

Utah Constitution Article XXII, Section 4, an amount equal to 50% of the interest and dividends earned annually from the permanent state trust fund. The amount transferred into the fund under this Subsection (7)(a) shall be treated as principal.

(b) Any annual interest or dividends earned from the permanent state trust fund that remain in the General Fund after Subsection (7)(a) may be appropriated by the Legislature.

(c) Any realized or unrealized gains or losses on investments in the permanent state trust fund shall remain in the permanent state trust fund.

(8) This section does not apply to funds deposited under Chapter 9, Part 3, Infrastructure and Economic Diversification Investment Account and Severance Tax Holding Account, into the permanent state trust fund.

## Tobacco Settlement Payments

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Estimated Tobacco Payment	\$28,353,400	\$26,028,600	\$27,244,100	\$42,059,200	\$45,249,700	\$44,893,200	\$45,325,000	\$45,776,300	\$46,248,100
Statutory Split of Payment	30/70	25/75	25/75	40/60	40/60	40/60	40/60	40/60	40/60
Share to Trust Fund	8,506,000	6,507,200	6,811,000	16,823,700	18,099,900	17,957,300	18,130,000	18,310,500	18,499,200
Share to Restricted Account	19,847,400	19,521,500	20,433,100	25,235,500	27,149,800	26,935,900	27,195,000	27,465,800	27,748,900

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Trust Fund Account Balance as of July 1	\$17,759,200	\$18,108,900	\$24,670,800	\$31,950,500	\$45,029,300	\$62,577,300	\$79,982,700	\$97,560,800	\$115,319,400
Tobacco Payments	8,506,000	6,507,200	6,811,000	16,823,700	18,099,900	17,957,300	18,130,000	18,310,500	18,499,200
Interest/Market Valuation/Other	349,700	54,700	468,700	(3,744,900)	(551,900)	(551,900)	(551,900)	(551,900)	(551,900)
Transfer to General Fund/ Rainy Day Fund	(8,506,000)	0	0	0	0	0	0	0	0
Account Balance as of June 30	\$18,108,900	\$24,670,800	\$31,950,500	\$45,029,300	\$62,577,300	\$79,982,700	\$97,560,800	\$115,319,400	\$133,266,700

General Fund Restricted Account	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Account Balance as of July 1	\$ 5,246,800	\$6,101,800	\$3,190,300	\$741,800	\$990,800	\$5,010,900	\$4,890,200	\$5,028,600	\$5,437,800
Tobacco Payments	19,847,400	19,521,500	20,433,100	25,235,500	27,149,800	26,935,900	27,195,000	27,465,800	27,748,900
Interest/Market Valuation/Other Distributions to Agencies	75,500	158,700	18,200	(600)	8,600	8,600	8,600	8,600	8,600
CHIP	(\$6,818,900)	(\$10,272,400)	(\$10,321,000)	(\$12,333,100)	(\$10,493,300)	(14,097,000)	(14,097,000)	(14,097,000)	(14,097,000)
Tobacco Prevention	(4,076,000)	(4,000,000)	(4,000,000)	(4,000,000)	(3,847,100)	(3,847,100)	(3,847,100)	(3,847,100)	(3,847,100)
Drug Courts - DHS	(1,490,000)	(1,489,700)	(1,490,000)	(1,490,000)	(1,490,000)	(1,471,700)	(1,471,700)	(1,471,700)	(1,471,700)
Drug Courts - Courts					(193,700)	(352,800)	(352,800)	(352,800)	(352,800)
Drug Board - DHS	(510,000)	(510,000)	(510,000)	(510,000)	(175,500)	(350,900)	(350,900)	(350,900)	(350,900)
Drug Board - Corrections					(81,700)	(81,700)	(81,700)	(81,700)	(81,700)
Drug Board - Pardons					(77,400)	(77,400)	(77,400)	(77,400)	(77,400)
U of U Health Sciences Center	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Additional Dept. of Health Funding	(2,073,000)	(2,219,600)	(2,303,600)	(2,377,600)	(2,427,600)	(2,429,500)	(2,429,500)	(2,429,500)	(2,429,500)
Attorney General's Office	(100,000)	(100,000)	(275,200)	(275,200)	(275,200)	(280,300)	(280,300)	(280,300)	(280,300)
Tax Commission	0	0	0	0	(76,800)	(76,800)	(76,800)	(76,800)	(76,800)
Total Account Distributions	(\$19,067,900)	(\$22,591,700)	(\$22,899,800)	(\$24,985,900)	(\$23,138,300)	\$ (27,065,200)	\$ (27,065,200)	\$ (27,065,200)	\$ (27,065,200)
Account Balance as of June 30	\$6,101,800	\$3,190,300	\$741,800	\$990,800	\$5,010,900	\$4,890,200	\$5,028,600	\$5,437,800	\$6,130,100
Structural Surplus/(Shortfall)	\$ 779,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Utah Office of the Legislative Fiscal Analyst